
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

To: Political Subdivisions and Taxpayers
From: DLGF Assessment Division
Re: Investment Deduction
Date: September 2005

The following information provides a brief overview of the new property tax Investment Deduction found in Indiana Code 6-1.1-12.4 and passed by the General Assembly in SEA1-2005.

Property Tax Investment Deduction

Senate Enrolled Act 1 – 2005 established a property tax investment deduction for certain personal and real property investments (other than inventory) that increases assessed values and creates or retains jobs. The Investment Deduction is applicable for a three-year period at 75% in Year 1; 50% in Year 2; and 25% in Year 3. The maximum deduction is \$2 million per year each for both personal and real property investments.

The property tax investment deduction is applicable to investments that are first assessed after March 1, 2005 and before March 2, 2009. The deduction is available to businesses of any size; however, the investment deduction cannot be used in conjunction with other abatements and cannot be granted on properties within a tax increment financing (TIF) district. The deduction does not apply to a facility listed in IC 6-1.1-12.1-3(e).

The Department of Local Government Finance (DLGF) will be promulgating rules addressing the property tax investment deduction, as well as revising the Business Personal Property Return to incorporate the deduction.